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CITE SAIGON 55036

DIRECTOR.

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1. PLANNED REDUCTION OF MACV DIRECTORATE OF INTELLIGENCE (MACDI) (FORMERLY J2) TO 60 POSITIONS BY 1 DECEMBER 72 RAISES FUNDAMENTAL QUESTIONS WHETHER REMAINING STAFFING EQUAL TO RESPONSIBILITY FOR ANALYSIS ON ENEMY INTENTIONS AND DISPOSITIONS AND ON DEGREE OF EFFECTIVENESS WHICH CAN REALISTICALLY BE EXPECTED FROM THAT REDUCED FORCE.

2. FROM 746 POSITIONS A YEAR AGO, MACV INTEL NOW DOWN TO 185 AND WILL BE DOWN TO 60 BY 1 DECEMBER. IN CONSONANCE WITH NORMAL MILITARY PRACTICE, A NUMBER OF PERSONNEL WHOSE POSITIONS WILL PHASE OUT ON 1 DECEMBER WILL IN FACT HAVE DEPARTED EARLIER. THUS SHARP REDUCTION IN MACDI EFFECTIVENESS IS IMMINENT. FURTHER, WE UNDERSTAND THAT EMPHASIS WILL BE ON AIR INTEL.

3. ALTHOUGH IT IS REASONABLE ASSUMPTION THAT U.S. INTERESTS AND INVOLVEMENT IN VIETNAM WILL CONTINUE TO DECREASE IT IS NEVERTHELESS LIKELY THAT THERE WILL BE HEAVY U.S.

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SECRET

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PAGE 2 SAIGON 55036 S E C R E T

INVOLVEMENT AND INTEREST IN SOUTH VIETNAM FOR SOME YEARS TO COME. FATE OF SOUTH VIETNAM WILL FOR AT LEAST NEXT SEVERAL YEARS BE SUBJECT OF HIGHEST LEVEL U.S. POLICY CONSIDERATIONS. U.S. FINANCIAL AND PERSONNEL INPUTS WILL CONTINUE TO REMAIN SUBSTANTIAL EVEN THOUGH SHARPLY REDUCED FROM PREVIOUS LEVELS. IN A NUTSHELL, U.S. PRESTIGE WILL CONTINUE TO RIDE ON SURVIVAL OF NON-SOMMUNIST SOUTH VIETNAM FOR SOME TIME TO COME.

4. WITH NO INDICATION THAT ENEMY PLANS GENUINE PEACE WHETHER OR NOT CEASE FIRE COMES ABOUT IN NEAR-TERM FUTURE, IT SEEMS TO US THAT U.S. INTELLIGENCE CANNOT AFFORD ABANDON COLLECTION AND ANALYSIS OF ENEMY PLANS AND CAPABILITIES, BOTH OF WHICH WILL CONTINUE TO HAVE BEARING ON U.S. POLICY. YET ALONG WITH SIGNIFICANT CUT-BACK IN COLLECTION, IN-COUNTRY ANALYTICAL CAPABILITY ALSO BEING REDUCED VERY SHARPLY.

5. THERE ARE SEVERAL ALTERNATIVES TO COPE WITH PROBLEM PRESENTED ABOVE. SIMPLEST OF COURSE WOULD BE TO MAINTAIN MACDI AT A MORE ADEQUATE LEVEL AND INSURE THAT THERE SHOULD BE PROPER MIX OF INSURGENCY GROUND COMBAT AND AIR COMBAT ANALYSIS. ANOTHER POSSIBILITY WOULD BE TO HAVE MILITARY INTEL

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ANALYSIS FOCUS ON AIR IN RECOGNITION THAT U.S. MILITARY

25X1

Approved For Release 2004/10/28 : CIA-RDP80R01720R001300020008-4

PAGE 3 SAIGON 55036S E C R E T

WOULD BE ALMOST EXCLUSIVELY IN THAT AREA BUT MAKE OTHER

PROVISIONS FOR COUNTER-SUBVERSION AND GROUND FORCES

25X1

CAPABILITIES AND INTENTIONS ANALYSIS. THIS COULD BE DOD CIVILIAN,

25X1

6. SURFACE THIS TO YOUR ATTENTION AND POSSIBLE CONSIDERATION BY WASHINGTON AUTHORITIES AT THIS TIME BECAUSE OF OUR CONCLUSION THAT PROJECTED DEGRADATION OF U.S. INTEL ANALYTICAL CAPABILITY IN VIETNAM PREMATURE IN LIGHT OF ENEMY'S STATED INTENTION TO PREVAIL AND U.S. SIMILARLY STATED DETERMINATION TO PREVENT ENEMY FROM DOING SO. E2 IMPDET.

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